



Bulletin

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INTERNATIONAL MONETARY SETTLEMENT

On his return from meetings with the Group of Ten in Washington, Mr. E.J. Benson, Minister of Finance, announced to the House of Commons on December 20 that a settlement of the international monetary crisis had been reached, which included the lifting of the U.S. 10 percent import surcharge.

Mr. Benson summarized the primary features of the agreement as follows:

* * * *

(1) The United States agreed to propose to Congress a devaluation of the dollar in terms of gold from \$35 to \$38 an ounce. This is an effective change of 8.57 per cent.

(2) For the time being, Canada will maintain a floating exchange rate and will permit fundamental market forces to establish the exchange rate without intervention except as required to maintain orderly conditions.

(3) Other countries in the Group of Ten agreed

on new exchange rates for their currencies, and these are being announced by the governments concerned.

(4) Countries other than those in the Group of Ten are reaching decisions with respect to their own exchange rates in consultation with the IMF.

(5) It was agreed that there should be 2½ per cent margins of fluctuations above and below the new fixed exchange rates.

(6) The United States agreed to suppress immediately the 10 percent import surcharge and the related provisions of the investment tax credit. I am informed that the White House has announced the suppression of the import surcharge with effect from midnight, Sunday, December 19. Under the provisions of the Revenue Act of 1971, termination of the proclamation which established the surcharge automatically extends the investment credit to imported capital equipment which is ordered after the date of termination of the surcharge.

(7) The United States administration will be seeking Congressional action on the gold price as soon as the results of the negotiations now under way on short-term trade issues are available for Congressional scrutiny.

(8) Discussions will be undertaken promptly in the IMF on the reform of the international monetary system.

CONSEQUENCES FOR CANADA

I should like to comment on the significance of this agreement for Canada. On the most general level it restores an orderly exchange situation on the basis of which world trade and financing can proceed with confidence. This will be of benefit to all countries, not least Canada, having in mind the vital importance of international trade to the Canadian economy.

The basis has been laid for the United States to restore its balance of payments to a sound and durable position. A serious obstacle to the expansion of the U.S. economy has been removed. When the

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United States prospers, Canada prospers also.

The Canadian economy has been advancing at a good pace this year. But the unsettled international situation has given rise to a sense of uncertainty in the business community. This has now been dispelled. We may therefore expect that the Canadian economy will move forward with even greater vigour.

In the field of our international relations we also have reason to be satisfied. There have been anxieties and doubts about the direction of the United States trade and financial policies and, in particular, about the intention of the United States toward Canada. The agreement reached this weekend should help to remove these tensions. Our other partners in the Group of Ten have demonstrated a full understanding of Canada's position.

I now turn to some more particular questions relating to the consequences for Canada of this agreement.

First, the exchange rate. It will be determined by the fundamental forces in the exchange market. Our interventions will be limited to the maintenance of orderly market conditions. I might point out, Mr. Speaker, that there has been a large turnover in the foreign exchange market today, and the Canadian dollar is trading at precisely what it closed at on Friday last.

CANADIAN DOLLAR LITTLE AFFECTED

I do not expect that the terms of the agreement will have a marked effect on the exchange value of the Canadian dollar. I would stress that the change in the gold price in itself will have no direct effect on the relative value of the American and Canadian dollars.

There are some reasons to expect a stronger growth in our exports. These include the removal of the surcharge and the discriminatory features of the investment tax credit. The appreciation of other currencies will improve our competitive position. But we can also expect a more rapid growth in our imports as a result of the restoration of confidence and a more rapid expansion of Canadian production and investment. The growth of the Canadian economy this year has already been reflected in a more rapid growth of our imports than of our exports and a consequent decline in the trade surplus.

Our policy has been to seek to reduce our imports of capital. I have been asking Canadian borrowers to look to Canadian markets for their needs. I repeat that request today. I continue to believe that it is both practical and appropriate for us to supply more of our financial needs from our own savings.

Second, I would refer to the bilateral discussions of trade questions between Canada and the United States. The monetary agreement demonstrates that these have not been directly related to the United States import surcharge or the realignment of currencies. There are indeed matters of concern to both sides in the trade field. Progress is being made in

discussions of these matters and it is the intention of the Government to proceed expeditiously toward a settlement. Canada and the United States are the world's largest trading partners. We hope to get rid of any abrasive elements in our commercial relations. When the time is ripe, my colleague, the Minister of Industry, Trade and Commerce will report to the House on the outcome of these discussions.

Third, the suppression of the United States import surcharge will enable us to wind up the operations of the Employment Support Act.

These negotiations have not been easy. Because of the inherent complexity of the subjects, there have been many meetings — bilateral and multilateral. Officials have met. There have been four meetings of the Group of Ten ministers and governors. I chaired the first two and through the rotation system the last two benefited from the energetic and determined chairmanship of Secretary Connally. Heads of government have met. There is no doubt that the meeting two weeks ago between our Prime Minister and President Nixon contributed to the satisfactory outcome from the point of view of Canada.

Our efforts have now been rewarded with a large measure of success.

The agreement has been welcomed with enthusiasm throughout the world which I am sure is shared by all Canadians.

PULP-AND-PAPER POLLUTION PROBE

The Department of the Environment has established a \$200,000-fund to support research into the reduction of air pollution in the pulp-and-paper industry.

In announcing the program, the Minister of Environment, Mr. Jack Davis, said that the fund would be administered by the Canadian Forestry Service under the guidance of a government-industry co-ordinating committee set up last year to develop a \$5.5 million five-year program for research on the abatement of water pollution from pulp-and-paper. He said that the extension of the program to air pollution had been advocated in a brief submitted to Ottawa by the Canadian Pulp and Paper Association.

The co-ordinating committee will assess proposals received from any research organization in Canada and award contracts to those which show the greatest promise.

Mr. Davis said that it was the aim of the new program on air pollution to attack problems for which a short-term solution appeared likely. Proposals may be submitted immediately and, if accepted for support, funding could start in the fiscal year beginning April 1.

The Minister said that the water program had already resulted in significant breakthroughs and he hoped that similar results would flow from the new program.

EXTRADITION TREATY WITH THE U.S.

A Treaty on Extradition between Canada and the United States was signed recently in Washington by the Secretary of State for External Affairs, Mr. Mitchell Sharp, and the U.S. Secretary of State, Mr. William Rogers. This instrument is subject to ratification following its approval by the legislatures of the two countries.

Among the more salient provisions of the new pact are:

(a) Extradition offences covering unlawful seizure of aircraft (hijacking) and conspiracy to commit or being a party to any of the offences extraditable under the agreement;

(b) A stipulation that extradition cannot be refused with respect to offences against a person to whom a contracting party has the duty according to international law to afford special protection, and the offence of unlawful seizure of aircraft on the grounds that the offence was committed under circumstances making it of a political character.

The latter provision clearly establishes the resolve of Canada and the United States to refuse asylum under any circumstance to fugitives who have committed such crimes within the jurisdiction of either country and will ensure prompt prosecution in the country where the main incidence of the crime falls.

This Treaty is of particular significance to Canada in view of its geographic proximity to the United States and the fact that the vast majority of Canadian extradition cases arise from requests for rendition of fugitives to or from the United States.

CANADIAN LIBRARY IN MEXICO

A Canadian Library Centre was opened in Mexico City last month. The formal inauguration by Mr. Saul F. Rae, Canadian Ambassador to Mexico, was attended by the Minister of Education of Mexico and by leading representatives of Mexican educational and cultural institutions.

The new library, which has two floors and is situated on one of the main streets of Mexico City, will, it is believed, complement and extend the various information and cultural services provided by the Canadian Embassy and, as part of the increasing cultural exchange between Canada and Mexico, will contribute to a fuller understanding in Mexico of creative Canadian writing and of life and thought in Canada. It will contain some 5,000 Canadian books in English and French, as well as a number of periodicals and newspapers in both languages, covering a wide range of subjects and interests — principally the social sciences, the physical sciences, technology, philosophy, art and literature. A representative selection of newspapers from a number of Canadian cities will be flown to Mexico regularly to provide an up-to-date news service. In

its initial stage, the Library Centre will operate basically as a reference service for students, educators, public servants, press representatives and others who wish to consult the selection of Canadian books, periodicals and newspapers available.

Mr. Roland Rainville has recently been appointed to the new position of Information and Cultural Counsellor of the Embassy in Mexico to be responsible under the direction of the Ambassador for the Library Centre as well as for developing all aspects of Canadian information and cultural activities in Mexico.

FLOODING OF SKAGIT RIVER

The Secretary of State for External Affairs, Mr. Mitchell Sharp, announced recently that the Canadian and United States Governments had received and were making public a report prepared by the International Joint Commission on the consequences of the proposed flooding of the Skagit River Valley in British Columbia. The report was tabled in the House of Commons on December 17.

BACKGROUND

On April 7, 1971, the Governments of the United States and Canada asked the International Joint Commission to investigate and report to Governments on the environmental and ecological consequences of raising Ross Lake, at present almost entirely in the United States, to an elevation of 1,725 feet above sea level, which would have the effect of flooding the Skagit River Valley in British Columbia. The need for this study arose because the City of Seattle, which draws power from Ross Dam, had applied successfully to the International Joint Commission for permission to raise the height of the dam by 122½ feet. An important requirement set out in the Commission's order of approval, issued in 1942, was met when Seattle and British Columbia concluded an agreement of compensation in 1967. However, since that time there has been growing concern over the possible environmental and ecological consequences of the flooding and the request by Governments to the International Joint Commission to conduct this study was a reflection of that concern.

FURTHER ACTION

The Commission's report is currently under careful study by federal officials and is being passed to the government of British Columbia as a prelude to discussions with officials of that province. It is understood that in the United States the report is being passed to the Federal Power Commission, which will take it into account in its consideration of Seattle's application.

CANADA'S MACHINERY PROGRAM

Some \$380-million worth of machinery was imported duty-free by Canadian firms during 1970, according to the report *Machinery Program Analysis - 1970 Imports*, which has been distributed to Canadian machinery manufacturers by the Department of Industry, Trade and Commerce.

This detailed import analysis is prepared annually as part of the Department's machinery program, which became effective on January 1, 1968. It highlights 42 main groups of machines and equipment required by Canadian manufacturers during 1970, which were not produced in Canada. These market data can assist Canadian machinery producers in identifying new opportunities for expanding their manufacturing activities in Canada.

Under the program, about 18,000 applications for remission of duty are received each year. Applications are reviewed in terms of the needs of machinery-users and on the basis of the capability assessments of more than 900 Canadian manufacturers of machinery and equipment. Accordingly, machinery-users are alerted to the full range of Canadian production, while machinery-producers are assured of tariff protection when they are in a position to supply.

FURNITURE FOR JAMAICAN HOSPITAL

Canadian beds, tables and other equipment to a value of \$1 million will help furnish the new County of Cornwall Regional Hospital near Montego Bay, Jamaica. Purchase of the equipment in Canada is being made possible by a development loan from the Canadian International Development Agency.

Apart from 275 hospital beds, 250 overbed tables and 400 bedside cabinets, Jamaica is buying Canadian laundry equipment, medicine, laboratory and utility carts, stretchers, wheelchairs, examination tables and lamps, physical and occupational therapy equipment and numerous other items. The list contains 136 different categories, ranging from infant incubators and a blood plasma freezer to such items as mops, brooms and stepladders.

The loan, which also covers packing and shipping costs, is the second by CIDA in connection with the new hospital. In 1969, \$735,000 was made available for kitchen and operating-theatre equipment.

The Montego Bay hospital, scheduled to open early in 1973, is already being hailed as the most modern in the Caribbean. Costing close to \$20 million, it will serve the entire western third of the island and provide facilities for 420 patients in addition to 100 out-patients daily.

The fact that it will be a teaching hospital is expected to help stop the "brain drain" of doctors, nurses and other professionals from Jamaica.

BOTANICAL RESEARCH

Montreal Botanical Garden is one of the largest research centres of its kind, second only to London's Kew Gardens, and the Berlin Botanical Gardens. Located in Maisonneuve Park, the Garden covers an area of 180 acres. It was founded in the early 1930s, at the height of the depression, by two Quebec scientists, Brother Marie-Victorin, of the Brothers of Christian Schools Order, and Henry Teuscher, a plant specialist of German origin.

The Garden has one of the richest collections of begonias in the world, with 200 different species. Visitors can also admire an impressive variety of orchids, ferns, gesneraceae and araceae, exotic plants from Africa and tropical regions, which draw the attention of botanists the world over. The annual cycle of spring and autumn blossoming, in addition to the display put on at Christmas, attracts more than 100,000 visitors each year.

As a research centre, the Garden houses Montreal University's Botanical Institute with which it is closely associated. The Garden's authorities communicate with 600 botanical gardens throughout the world. It also has an auditorium, study halls, a library and specially designed greenhouses for research. As an educational and community training centre, the Garden receives a large number of citizens wanting to improve their horticultural knowledge; some of them follow a specialized training program. Every spring the apprenticeship school greets a number of school children, who help prepare the seeds for the fall blossoming.



Tulips, narcissuses, jonquils, primroses, azalea and lilac were displayed at the Green Erin thirty-second flower show, held in the central greenhouse at the Montreal Botanical Garden.

MONTREAL MUSEUM ACQUIRES GOTHIC TREASURE

The most valuable purchase in the 111-year history of The Montreal Museum of Fine Arts — a superb sixteenth-century sculpture by the Late Gothic German master Tilmann Riemenschneider — was announced last month.

Although the cost of the sculpture was not disclosed, 18 months of the Museum's endowment income were committed to the purchase. In addition, part of the cost was donated by the sculpture's former owner, Professor L.V. Randall, of Montreal, an honorary vice-president of the Museum.

Carter said. "The quality of the object, the unusual nature of the sculpture, itself a model, the absence not only in Montreal but in Canada of any piece of Late Gothic sculpture of comparable quality and the revenues to be estimated from endowment, all composed part of but not the full answers to the challenge.

Though the Museum set a precedent by committing endowment income for 18 months, it is convinced that, with such an addition as this, it has taken an important step towards the enhancement of its collection and the goals of the Museum.

Sir Kenneth Clark, author of the celebrated television series and book *Civilisation*, calls Riemenschneider "one — perhaps the best — of many German carvers in the Late Gothic style".

The work, formerly in public and private collections in Munich, Frankfurt, Chelsea, Berne and Montreal, depicts the Martyrized St. Sebastian. It "markedly emphasizes the fragility of person" and features "a formal perfection and new sense of beauty".

Said Mr. Carter:

"The fleeting smile gives an expression of pathos to Riemenschneider's model which has a haunting beauty and nobility of form separating it from those it inspired and transcending the limitations of the medium with the delicacy of its carving and perfection to surface."

ST. SEBASTIAN

St. Sebastian, a martyr of the early Church, is said to have been born in Narbonne, in Gaul in 255 and to have died in 288 in Rome.

A secret Christian, his legend states, he entered the Roman army in Milan in the hope of aiding persecuted fellow-Christians, and rose to high favour with the Emperor Diocletian.

Upon the discovery of his religion, he was condemned to die and, left for dead by a troop of archers, he was nursed back to health by a Christian woman named Irene. He again appeared before the Emperor, professing his faith, and was ordered beaten to death by clubs in the amphitheatre in Rome. His body was flung into the sewers but was recovered and interred in the catacombs.

St. Sebastian is one of the saints most widely represented in art, especially in Italy and in the German states. Bernini, Mantegna, Perugino, Titian and Giordano are some of the Italian artists who portrayed the saint.

Northern artists, such as Hans Memling in Bruges, depicted the saint lashed to a tree. Italian artists were the first to show Sebastian bound to a column.



St. Sebastian, the lindenwood sculpture by Tilmann Riemenschneider, was created sometime between 1506-1510. It measures 28 3/8 inches in height by 9 1/2 width.

In announcing the acquisition, Museum Director David Giles Carter said that an appeal had been made to the Secretary of State Gérard Pelletier for a grant to match the annual purchase funds of the Museum.

Some of the world's leading museums — the Louvre in Paris, the Metropolitan in New York, the Rijksmuseum in Amsterdam, among them — also own work by Riemenschneider.

"When the possibility of acquiring this figure by Riemenschneider was first broached, hard-headed attention had to be given by the Museum to realize such an ambitious addition to the collection," Mr.

LOCAL INITIATIVE GRANTS

The first approvals for support of community projects through the Local Initiatives Program were announced recently by Mr. Marcel Prud'homme, Parliamentary Secretary to Mr. Otto Lang, Minister of Manpower and Immigration. "Response from all areas of Canada has been excellent, with more than 1,000 applications already received at our regional offices," Mr. Prud'homme said. "I expect that applications will generally now be approved or rejected within about ten days from the date of application."

The sample projects range from construction of a community medical-dental clinic at Deer Lake, Newfoundland, to the provision of services to persons and families in need through The Helping Hand organization at Edmonton, Alberta. The Deer Lake Public Health Association will receive up to \$32,282 for their project, which is expected to provide 30 new jobs at Deer Lake this winter. At Edmonton, The Helping Hand will receive up to \$62,864 to employ 25 people in providing such services as snow-removal, household maintenance, repairs to appliances, and similar jobs, to senior citizens, blind, crippled or disabled people, single-parent families and others in need.

The Roman Catholic Parish Council of Alberton, Prince Edward Island, will receive up to \$56,400 to assist in a \$172,240-project to build a Christian education centre and place of worship. It is expected that 30 new jobs will be provided by the project this winter.

An amount of \$31,150 has been approved to provide 12 new jobs in a project sponsored by the Wycocomagh Band Council to improve housing on the Reserve in Inverness County, Nova Scotia.

Two projects to provide day care for small children of working parents have been approved for support. The Prince George Day Care Society will receive up to \$29,790 to employ 15 people in opening three new centres at Prince George, British Columbia. The Garderie Cooperative de Saint-Hyacinthe will receive up to \$19,185 to employ six people in establishing a day-care centre at Saint-Hyacinthe, Quebec.

In New Brunswick, the St-Jacques sports committee will receive up to \$22,963 for a project to employ 12 people in building, repairing, maintaining and supervising skating rinks and snowmobile trails.

An amount of \$13,300 has been approved to support a YMCA project at St. Thomas, Ontario. Employment for six people will be provided in refurbishing and redecorating the YMCA building.

The Indian and Metis Tenants' Association of Winnipeg, Manitoba, will receive up to \$19,655 to employ six people in assisting Indian and Metis living in Winnipeg in dealing with housing, tenancy and welfare problems.

The Saskatchewan Council for Crippled Children

and Adults will receive up to \$22,246 to employ ten handicapped people in addressing about 240,000 mailings by the association to its contributors.

"This sample of projects gives some indication of the range of activities being generated in communities across Canada," Mr. Prud'homme said. "The number and quality of applications so far indicate that the program will not be able to support all projects that meet the minimum criteria published when the program was announced. The aim of the program is to distribute available funds as broadly as possible and to encourage development of services and facilities additional to those which might otherwise have been developed in the community. However, the program will exclude projects for work on educational institutions and their grounds, hospitals and hospital grounds and subway and other transportation systems," he said.

APPLES TO SOUTH AFRICA

Mr. H.A. (Bud) Olson, the Minister of Agriculture, announced recently that the Republic of South Africa had granted access to Canadian apples. The agreement is the result of meetings held in Pretoria in November between the Canadian Government Technical Apple Mission and officials of the Department of Agricultural Technical Services of the Republic of South Africa.

Canadian apples have not been exported to South Africa since 1966, when the Government of that country refused to admit them because of insect problems. South Africa agreed to readmit Canadian apples as a result of the mission's evidence that a fumigation method against mites and other insects before shipment, developed by the Canada Department of Agriculture, is now available for the treatment of Canadian apples.

A Canadian scientist will go to South Africa to co-operate with officials there in the inspection of the first shipment of apples from Canada.

EDUCATORS' NATIONALITIES

Canadians hold 61.8 per cent of all teaching and administration posts in Canadian universities and colleges, though the proportions range from 50.5 per cent in languages and literature to 70.8 per cent in the biological sciences and 88 per cent in administration. United States citizens hold 15.2 per cent of all faculty positions, those from Britain represent 10.2 per cent, from France 2.9 per cent and all others 10.2 per cent. Federal Government grants and payments to Canadian educational and non-profit institutions for scientific purposes have increased from \$25.9 million in 1963-64 to \$143.1 million for the present academic year.